

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF KENTUCKY-)	CASE NO. 91-138-G
OHIO GAS COMPANY)	

O R D E R

On December 18, 1991, the Commission issued its Order in Case No. 91-138 approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates when the wholesale cost of gas is increased or decreased or a refund is received.

On June 16, 1997, Kentucky-Ohio Gas Company ("KOG") filed its quarterly gas cost adjustment ("GCA") which was to become effective July 1, 1997 to remain in effect until October 1, 1997. On July 11, 1997, KOG filed an amendment to correct its first filing of June 16, 1997. On August 14, 1997, KOG supplemented its filing with additional information concerning its actual adjustment ("AA").

After reviewing the record in these cases and being otherwise sufficiently advised, the Commission finds that:

1. KOG's notice of July 11, 1997 proposed to pass through to its customers a decrease in its expected gas cost ("EGC"). KOG's proposed EGC for the quarter beginning July 1, 1997 is \$2.23 per Mcf. KOG proposed to calculate its EGC using projected instead of historical purchases due to decreased purchase requirements. KOG used a projected

sales figure to make its final EGC calculation on Schedule I by applying KOG's historic line loss to its projected purchase volume. Because its historic line loss was over five percent, however, the sales figure to be used on Schedule I in calculating the EGC should be 190,711 Mcf (which provides for only five percent line loss). KOG's corresponding EGC should be \$2.21 per Mcf.

2. KOG's notice set out no refund adjustment.

3. KOG's notice set out a current AA of (4.0) cents per Mcf to reconcile a net over-recovery of gas cost from July through December 1996. KOG miscalculated its current AA by failing to use the EGC in effect for each month. Correcting this error and dividing the total under-recovery of \$36,309 by expected sales of 190,711 Mcf, instead of historical sales of 248,033 Mcf, produces an AA of 19 cents per Mcf. The total AA is 89 cents per Mcf, which is composed of the current AA and the three previous quarter AAs of (6) cents, 4 cents, and 72 cents. KOG had incorrectly set out the previous quarter AAs.

4. KOG's corrected gas cost recovery rate is \$3.10 per Mcf, which is a decrease of 79 cents per Mcf from KOG's last GCR.

5. KOG's corrected adjustment in rates is fair, just, and reasonable, in the public interest, and should be effective with service rendered on and after the date of this Order.

IT IS THEREFORE ORDERED that:

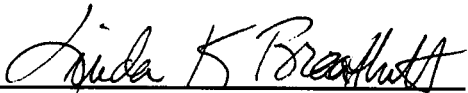
1. The rates proposed by KOG are denied.


2. The rates in the Appendix, attached hereto and incorporated herein, are fair, just, and reasonable and are approved effective for final meter readings on and after the date of this Order.

3. Within 30 days of the date of this Order, KOG shall file with the Commission its revised tariffs setting out the rates authorized in this Order.

Done at Frankfort, Kentucky, this 29th day of August, 1997.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 91-138-G DATED AUGUST 29, 1997

The following rates and charges are prescribed for the customers in the area served by Kentucky-Ohio Gas Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

RATES:

<u>Monthly</u>	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total Rate</u>
All Mcf	\$4.24	\$3.10	\$7.34

Minimum Bill

The minimum bill shall be	\$7.34
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